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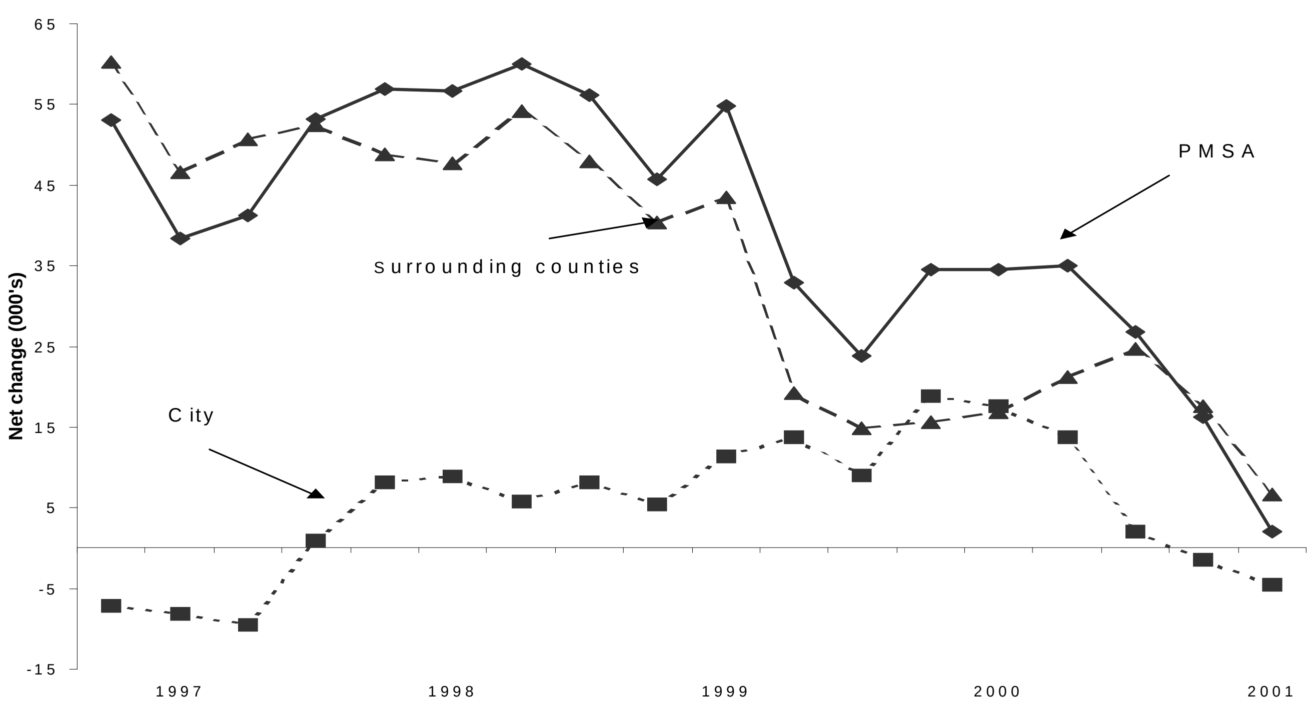
JOB GROWTH IN THE PHILADELPHIA AREA CONTINUES TO SLOW IN THE SECOND QUARTER 2001 ADDING JUST 2,000 JOBS OVER THE YEAR

Employment in the Philadelphia metropolitan area stood at 2.4 million in the second quarter 2001, not much different from its year-ago level according to the U.S. Department of Labor's Bureau of Labor Statistics. Philadelphia's total nonfarm job count was little changed edging up 2,000 between the second quarter 2000 and 2001 as the city's loss of 4,600 jobs largely offset the suburban outer ring's employment gain of 6,600. (See chart A.) Growth was limited to the private sector, which added over 6,000 jobs in the second quarter 2001, bringing the private industry total to 2.1 million. Government jobs, on the other hand, were down more than 4,000 during this same period. Over the last nine years, private employment in the Philadelphia area has grown steadily, though the rate of expansion slowed to just 0.3 percent in the second quarter 2001 after peaking at 3.3 percent in 1998. (See table 1.)

Philadelphia City's loss of 4,600 jobs brought the quarterly employment level to 700,000 in the second quarter 2001, an over-the-year decrease of 0.7 percent—the largest decline since the third quarter of 1997. While most of the losses were in government, over 1,000 jobs were lost in the private sector, which makes up 83 percent of all employment in the central city.

Chart A. Quarterly total nonfarm employment, over-the-year net change, Philadelphia PMSA, Philadelphia City, and Philadelphia PMSA excluding Philadelphia City, 1997-01



The eight counties outside of Philadelphia City were responsible for all of the jobs added in the metropolitan area in the second quarter 2001; however, the 0.4 percent over-the-year increase was the smallest since the third quarter of 1992. All of the expansion in the suburban outer ring was in private payrolls, which grew by 0.5 percent—on the low side of employment growth over the last eight quarters. During those two years, increases ranged from 0.5 to 1.8 percent compared with increases of 2.8 to 4.0 percent during the previous two years. Overall, 71 percent of Philadelphia area employment was located outside of the central city, with private industry accounting for 89 percent of the 1.7 million plus jobs.

Industry employment

Construction and mining jobs were up by 2.8 percent areawide, the fastest growth rate among the major divisions, but considerably below the 5.1 percent average for the same quarter over the last five years. There were more than 102,000 construction and mining jobs reported, the highest second quarter count since 1989. Due almost entirely to gains in the surrounding counties, construction and mining added 2,800 jobs since the second quarter 2000, with special trade contractors accounting for all of this increase. In the suburban ring, where 85 percent of the construction and mining jobs were located, employment expanded by 3.2 percent over the year.

Employment in the transportation, communications, and public utilities industry rose by 2,500 in the metropolitan area, again largely in the surrounding counties. Nearly all of the growth was in transportation jobs outside of Philadelphia City.

Table A. Average employment by industry, second quarter 2001, level and over-the year change, Philadelphia PMSA, Philadelphia City, and Philadelphia suburbs (Employment in thousands)

Industry	Philadelphia PMSA			Philadelphia City			Philadelphia PMSA excluding Philadelphia City		
	Level	Over the year: Net change	Over the year: Percent change	Level	Over the year: Net change	Over the year: Percent change	Level	Over the year: Net change	Over the year: Percent change
Total nonfarm	2,410.1	2.0	0.1	699.6	-4.6	-0.7	1,710.5	6.6	0.4
Private industry	2,103.6	6.2	0.3	580.0	-1.4	-0.2	1,523.6	7.6	0.5
Construction and mining	102.6	2.8	2.8	15.3	0.1	0.7	87.2	2.7	3.2
Manufacturing	294.2	-6.0	-2.0	56.5	-0.5	-0.8	237.7	-5.5	-2.3
Transportation and public utilities	116.1	2.5	2.2	37.2	0.4	1.0	79.0	2.1	2.7
Trade	525.1	-2.5	-0.5	121.0	0.0	0.0	404.1	-2.5	-0.6
Finance, insurance, and real estate	169.6	0.2	0.1	52.5	0.3	0.6	117.1	-0.1	-0.1
Services	896.0	9.2	1.0	297.6	-1.7	-0.6	598.4	10.9	1.9
Government	306.5	-4.2	-1.4	119.5	-3.2	-2.6	186.9	-1.0	-0.5

Note: Calculation of change used unrounded inputs.

Services was the largest industry division in Philadelphia, accounting for 43 of every 100 jobs in the city and 35 of every 100 in the surrounding counties. (See table A.) A large part of the overall employment increase in the metropolitan area was due to the continued growth in services, which alone added over 9,000 jobs. Despite this gain, the expansion was limited to the suburbs as the number of service jobs in the city edged down during the second quarter 2001. Overall, metropolitan area services jobs increased less than 2 percent over the year in the first two quarters of 2001, well below its peak of 5.1 percent in the third quarter 1998.

Within the services industry, health services expanded by 4,600 jobs, accounting for a large part of the overall growth in this division. (See table B.) Engineering and management services added 3,000 jobs in the second quarter and social services had a similar gain adding 2,800 to its count. Employment growth in these three industries was virtually all in the outer ring. However, a suburban location did not guarantee job growth. Business services was one industry to lose jobs (-1,100) in the surrounding counties.

Table B. Average employment in the services industry, Philadelphia PMSA and Philadelphia City, second quarter 2000 and 2001 (Employment in thousands)

	Philadelphia PMSA			Philadelphia City		
	Employment		Net	Employment		Net
	2000	2001	change	2000	2001	change
Services	886.8	896.0	9.2	299.3	297.6	-1.7
Health services	251.6	256.2	4.6	88.8	88.8	0.0
Business services[1]	182.2	181.2	-1.1	36.6	36.7	0.1
Private educational services	95.0	94.7	-0.3	57.8	56.2	-1.7
Social services	74.9	77.7	2.8	27.8	27.8	0.1
Engineering & management services	80.3	83.3	3.0	26.2	26.1	-0.1
Membership organizations	45.8	46.2	0.4	13.0	12.8	-0.2
Legal services	29.0	29.5	0.5	18.0	18.1	0.0
Personal services	23.9	23.8	-0.1	--	--	--
Auto repair, services, & garages	24.1	23.9	-0.2	--	--	--
Amusement & recreation services	30.0	30.3	0.3	9.2	9.2	-0.1
Hotels & other lodging places	15.1	14.6	-0.6	--	--	--

Note: Calculation of net change used unrounded inputs.
[1]Business services includes advertising; credit agencies; mailing, photography, and reproduction services; building services; miscellaneous equipment rental and leasing; personnel supply services; computer related services; and other miscellaneous business services.

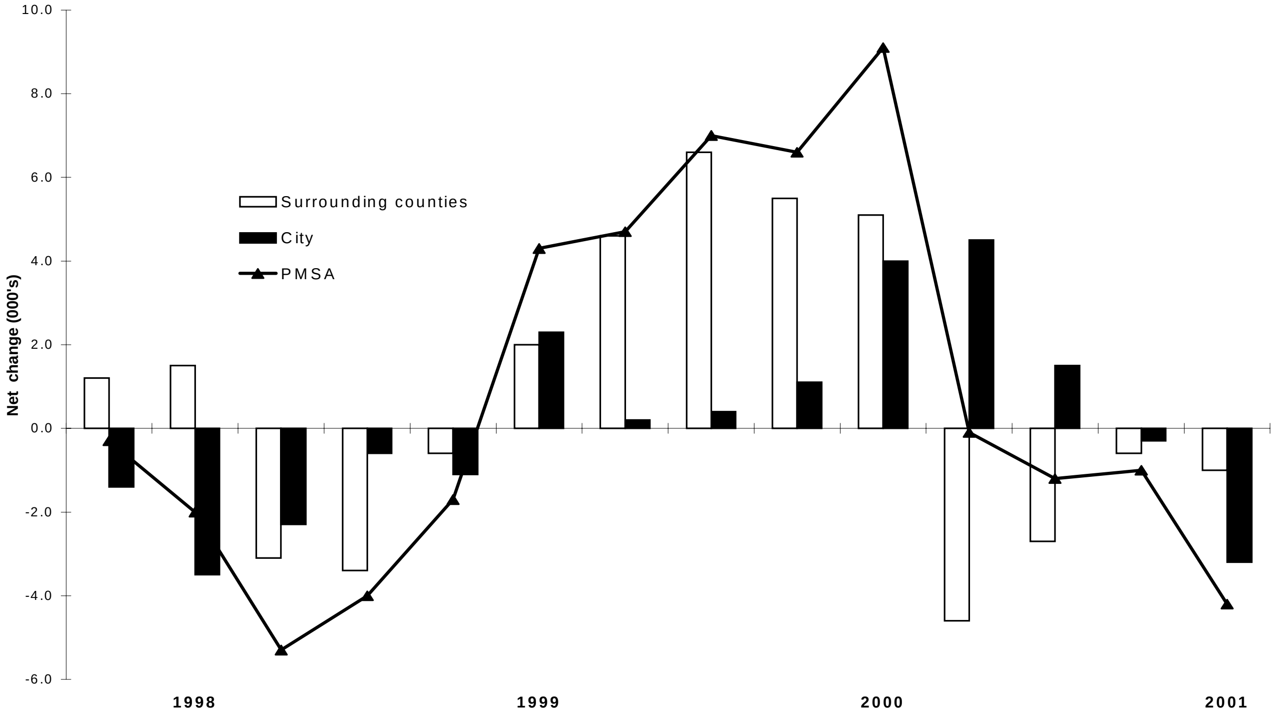
Overall finance, insurance, and real estate employment was essentially unchanged in the Philadelphia area from the previous year. The pace of job growth peaked at 3.5 percent during the second quarter 2000 in the metropolitan area and then slowed until there was virtually no change in the first two quarters of 2001. Overall, there were over 52,000 finance, insurance, and real estate jobs in the city in the second quarter, nearly one-third of the region's job count in this industry.

Manufacturing employment fell by 6,000 between the second quarter 2000 and 2001, the eleventh consecutive quarterly decline in this industry and the largest over-the-year decline since the fourth quarter 1992. Manufacturing’s employment count has hovered under 300,000 during the first two quarters of 2001, less than 57,000 of which were in the city. Durable goods manufacturing losses were mainly to blame for the decline, and those reductions were nearly all in the outer ring. Among the largest declines were 1,500 in primary metals and 1,400 in industrial machinery and equipment.

Public sector employment was also down in the second quarter 2001, with government losing more than 4,000 jobs over the year, a decline of 1.4 percent. The majority of the loss was in Federal government positions located in the city. (See chart B.)

Jobs in trade fell by 2,500 over the year in the metropolitan area with all of the second quarter 2001 loss occurring in the surrounding counties. Wholesale trade and retail trade shared nearly equally in the overall loss of jobs in the metropolitan area. This decline represented a 0.5 percent drop in employment in the trade industry, the largest-over-the-year decrease in the rate of growth since a similar decline in the fourth quarter of 1993. The pace of trade job growth during the 1990’s had peaked at 3.4 percent during the second quarter 1999 in the Philadelphia area.

Chart B. Quarterly total government employment, over-the-year net change, Philadelphia PMSA, Philadelphia City, and Philadelphia PMSA excluding Philadelphia City, 1998-2001



Comparison with other areas

Of the 29 metropolitan areas in the nation with total nonfarm payroll employment of over one million jobs, those located in the South and the West generally had faster growth. Tampa-St. Petersburg-Clearwater grew more quickly than the other large areas, gaining 4.1 percent between second quarter 2000 and second quarter 2001. Six other areas posted over-the-year employment gains between 3.0 and 3.5 percent—Dallas, Denver, Riverside-San Bernardino, Washington, D.C., Orange County, and San Diego. Among the slower-growing large areas in the country, eight had growth rates of 1.0 percent or less. Employment in the Philadelphia area edged up 0.1 percent over the year and ranked third lowest among the 29, topping only Pittsburgh, where employment was unchanged, and Detroit, where jobs declined by 0.6 percent between the second quarter 2000 and second quarter 2001. (See table 2.)

In the Northeast, jobs grew at a faster pace in Nassau-Suffolk and Boston than in the other four areas of the region, up 1.8 and 1.7 percent, respectively. Over the year, employment growth was up 1.4 percent in New York and 1.0 percent in Newark. The two remaining areas in the Northeast—Philadelphia and Pittsburgh—were among five nationwide with growth rates under 0.5 percent.

Private payroll growth in Philadelphia was 0.3 percent in the second quarter of 2001; a year earlier jobs in the private sector were growing at a 1.2 percent rate and three years ago the pace was 3.0 percent. The recent rate increase was in line with Pittsburgh's, but below that of all other metropolitan areas in the Northeast. Detroit was the only large area to experience an over-the-year decline in private payrolls, falling 0.6 percent. (See table 3.)

Technical note

All of these data have been revised--as they are each year--to account for the benchmarking of the data to Unemployment Insurance data (an annual procedure that brings the monthly estimates into line with universe data from the Unemployment Insurance files or 202 program). These data are now on the March 2000 benchmark; at the total nonfarm level, annual average employment estimates were decreased by 0.4 percent for the metropolitan area but increased 1.2 percent for the city for 2000. For long-term analysis, this release focuses mainly on private employment. As the data for 1996 and 1997 were revised to reflect the March 1997 benchmark, a change in the reporting procedures for the Defense Department created a non-economic change in the reported employment levels for the Department of Defense along with subsequent series that includes data from the Defense Department. The impacted series include Federal government, Total government, Service-producing, and Total nonfarm. For both the city and the metropolitan area, these series do not have continuous data with the break occurring between December 1996 and January 1997. Because of that break, analysis that spans that time period would present changes that were not reflective of actual economic events in the metropolitan area or the city.

This report uses the expanded nine-county definition of the Philadelphia, PA-NJ, Primary Metropolitan Statistical Area (PMSA). In addition to the eight counties that were included in the previous PMSA definition (Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania and Burlington, Camden, and Gloucester in New Jersey), Salem County, NJ, was moved from the Wilmington, DE-NJ-MD, metropolitan area to the Philadelphia area. To allow users to make comparisons over time, the data were recalculated to conform to the new definition.

Industrial Classifications Employment estimates presented in this release are classified in accordance with the 1987 Standard Industrial Classification (SIC) Manual.

Industry Employment Employment data refer to persons on establishment payrolls who received pay for any part of the pay period which includes the 12th of the month. Intermittent workers are counted if they performed any service during the month. The data exclude proprietors, the self-employed, unpaid volunteer or family workers, farm workers, and domestic workers in households. Salaried officers of corporations are included. Government employment covers only civilian employees; military personnel are excluded.

Quarterly Average Data Quarterly data are the sum of three monthly estimates divided by three. The results are rounded normally although computations are made using unrounded data.

Benchmark Adjusted All of these data have been revised--as they are each year--to account for the benchmarking of the data to Unemployment Insurance data. Employment estimates are compared annually with comprehensive counts of employment which provide "benchmarks" for the various nonagricultural industries, and appropriate adjustments are made. The estimates in this report have been adjusted and projected from March 1999 levels. Employment data for March are relatively stable and are available in greater detail than for other months of the year. Employment estimates in this report may differ from previously published data as a result of benchmark adjustments.

Current national and, to a lesser extent, state and area data are published in Employment and Earnings, a monthly BLS periodical. Detailed current state and area data are published by each state cooperating agency. Employment and Earnings also provides technical notes on concepts, scope, and survey methods. Detailed technical notes appear in BLS Handbook of Methods, Bulletin 2285. Data are also available from the Philadelphia Regional Office Fax-on-demand system; call (215) 597-4153 for a current catalog. The Bureau also maintains a web site that includes data summaries and an interactive data extraction tool. Visit the web site at HTTP:\\WWW.BLS.GOV

Geographic Classification Metropolitan Statistical Areas (MSA's) and Primary Metropolitan Statistical Areas (PMSA's) are defined according to criteria established June 30, 1999 by the Office of Management and Budget.

Table 1. Quarterly average private industry employment, Philadelphia PMSA, Philadelphia City, and Philadelphia PMSA excluding Philadelphia City, 1990-2001 (Employment in thousands)

Year	Quarterly average employment				Percent change over the year			
and area	I	II	III	IV	I	II	III	IV
Philadelphia PMSA								
1990	1,909.0	1,923.4	1,918.5	1,919.6	0.7	-0.3	-1.1	-1.3
1991	1,844.3	1,852.0	1,833.3	1,848.2	-3.4	-3.7	-4.4	-3.7
1992	1,796.4	1,823.5	1,820.1	1,847.0	-2.6	-1.5	-0.7	-0.1
1993	1,806.9	1,834.7	1,839.3	1,869.6	0.6	0.6	1.1	1.2
1994	1,822.4	1,868.4	1,876.5	1,903.2	0.9	1.8	2.0	1.8
1995	1,849.5	1,880.7	1,886.1	1,917.2	1.5	0.7	0.5	0.7
1996	1,862.4	1,917.9	1,925.1	1,959.4	0.7	2.0	2.1	2.2
1997	1,922.3	1,962.8	1,974.6	2,016.9	3.2	2.3	2.6	2.9
1998	1,979.5	2,021.5	2,039.9	2,077.0	3.0	3.0	3.3	3.0
1999	2,027.0	2,072.0	2,068.1	2,093.9	2.4	2.5	1.4	0.8
2000	2,054.9	2,097.4	2,103.3	2,121.8	1.4	1.2	1.7	1.3
2001	2,072.0	2,103.6			0.8	0.3		
Philadelphia City								
1990	609.2	605.0	598.1	602.2	-1.8	-2.8	-3.1	-2.8
1991	582.5	578.6	566.5	577.2	-4.4	-4.4	-5.3	-4.2
1992	560.7	563.0	554.1	564.5	-3.7	-2.7	-2.2	-2.2
1993	555.1	555.7	550.6	564.3	-1.0	-1.3	-0.6	0.0
1994	553.2	557.3	550.6	564.5	-0.3	0.3	0.0	0.0
1995	544.6	547.3	542.3	556.3	-1.5	-1.8	-1.5	-1.5
1996	540.0	546.9	543.2	554.9	-0.8	-0.1	0.2	-0.2
1997	540.8	546.3	543.5	564.6	0.1	-0.1	0.1	1.7
1998	550.4	558.7	551.6	573.4	1.8	2.3	1.5	1.6
1999	557.0	567.8	565.2	582.0	1.2	1.6	2.5	1.5
2000	574.8	581.4	574.5	582.5	3.2	2.4	1.7	0.1
2001	573.7	580.0			-0.2	-0.2		
Suburban Portion of the PMSA								
1990	1,299.8	1,318.4	1,320.4	1,317.4	1.9	0.9	-0.1	-0.7
1991	1,261.8	1,273.3	1,266.9	1,270.9	-2.9	-3.4	-4.1	-3.5
1992	1,235.7	1,260.5	1,266.1	1,282.5	-2.1	-1.0	-0.1	0.9
1993	1,251.8	1,279.0	1,288.8	1,305.3	1.3	1.5	1.8	1.8
1994	1,269.2	1,311.1	1,325.9	1,338.7	1.4	2.5	2.9	2.6
1995	1,304.9	1,333.3	1,343.8	1,360.9	2.8	1.7	1.3	1.7
1996	1,322.4	1,371.1	1,381.8	1,404.5	1.3	2.8	2.8	3.2
1997	1,381.5	1,416.5	1,431.1	1,452.3	4.5	3.3	3.6	3.4
1998	1,429.1	1,462.8	1,488.3	1,503.6	3.4	3.3	4.0	3.5
1999	1,470.0	1,504.2	1,502.9	1,511.9	2.9	2.8	1.0	0.5
2000	1,480.1	1,516.0	1,528.7	1,539.3	0.7	0.8	1.7	1.8
2001	1,498.3	1,523.6			1.2	0.5		

Note: Calculation of percent change used unrounded inputs.

Table 2. Over-the-year percent change in quarterly total nonfarm payrolls, selected large metropolitan areas, second quarter 2000 and 2001 (Employment in thousands)

Area and region	Second Qtr. 2000	Second Qtr. 2001	Over-the-year percent change
Northeast			
Boston, MA	2,037.9	2,071.8	1.7
Nassau-Suffolk, NY	1,222.5	1,244.9	1.8
Newark, NJ	1,023.6	1,034.1	1.0
New York PMSA, NY	4,272.9	4,334.1	1.4
Philadelphia PMSA, PA	2,408.1	2,410.1	0.1
Pittsburgh, PA	1,135.4	1,135.4	0.0
South			
Atlanta, GA	2,196.1	2,233.3	1.7
Baltimore, MD	1,251.9	1,267.3	1.2
Dallas, TX	1,982.3	2,049.8	3.4
Houston, TX	2,078.7	2,131.9	2.6
Miami-Hialeah, FL	1,015.4	1,039.9	2.4
Tampa-St. Petersburg-Clearwater, FL	1,203.7	1,253.1	4.1
Washington, DC	2,754.2	2,840.3	3.1
Midwest			
Chicago, IL	4,247.0	4,262.6	0.4
Cleveland-Lorain-Elyria, OH	1,188.8	1,190.8	0.2
Detroit, MI[1]	2,216.0	2,202.0	-0.6
Kansas City, MO	988.0	1,015.5	2.8
Minneapolis-St. Paul, MN	1,749.2	1,767.1	1.0
St. Louis, MO	1,346.4	1,358.1	0.9
West			
Denver, CO	1,179.9	1,220.3	3.4
Los Angeles-Long Beach, CA	4,084.8	4,142.8	1.4
Oakland, CA	1,046.0	1,072.7	2.6
Orange County, CA	1,387.3	1,430.7	3.1
Phoenix-Mesa, AZ	1,577.8	1,598.7	1.3
Riverside-San Bernardino	988.1	1,020.7	3.3
San Diego, CA	1,193.0	1,230.4	3.1
San Francisco, CA	1,082.1	1,110.7	2.6
San Jose, CA	1,022.9	1,035.8	1.3
Seattle-Bellevue-Everett, WA	1,419.8	1,448.0	2.0

[1] Nonfarm payroll employment data for Michigan from July 1998 forward have been corrected to account for an understatement of the employment level that occurred with the latest benchmark revision. Seasonal adjustment factors have been recalculated based on the revised data and have been applied to employment levels from 1995 forward.

Table 3. Over-the-year percent change in quarterly private payrolls, selected large metropolitan areas, 1998-2001

Area and region	1998			1999				2000				2001	
	II	III	IV	I	II	III	IV	I	II	III	IV	I	II
Northeast													
Boston, MA	2.1	2.6	2.3	1.6	1.8	1.9	2.1	2.8	2.8	2.9	3.1	2.6	1.9
Nassau-Suffolk, NY	2.7	2.4	2.5	3.9	4.2	3.9	3.8	2.2	1.8	2.4	2.3	2.1	1.9
Newark, NJ	3.0	2.4	2.3	3.6	2.9	3.1	3.4	2.8	2.9	2.7	2.6	2.4	1.3
New York PMSA, NY	2.7	2.6	2.5	3.3	2.9	2.5	3.1	2.7	3.2	3.5	2.7	2.5	2.0
Philadelphia PMSA, PA	3.0	3.3	3.0	2.4	2.5	1.4	0.8	1.4	1.2	1.7	1.3	0.8	0.3
Pittsburgh, PA	2.5	1.8	1.5	1.5	1.7	2.0	1.6	2.2	1.8	1.3	1.4	1.1	0.1
South													
Atlanta, GA	4.6	5.0	4.6	5.1	6.0	5.2	5.1	4.3	2.7	2.9	2.0	1.9	1.6
Baltimore, MD	1.5	1.8	1.9	2.0	3.0	3.3	3.3	3.2	2.5	2.6	2.1	2.8	1.5
Dallas, TX	4.8	5.0	4.8	4.5	3.8	3.4	3.3	3.6	4.2	4.3	4.4	4.2	3.5
Houston, TX	5.9	6.0	4.9	3.4	1.7	1.0	0.9	1.7	2.9	2.8	2.9	2.7	2.5
Miami-Hialeah, FL	0.9	1.1	2.2	1.1	1.3	1.6	1.1	2.3	3.1	3.1	2.8	2.9	2.6
Tampa-St. Petersburg-Clearwater, FL	5.1	4.0	3.9	3.3	3.8	3.5	3.5	4.2	4.3	4.6	4.6	4.5	4.2
Washington, DC	3.7	3.5	3.9	3.7	4.4	4.4	5.0	5.4	5.1	5.0	4.1	4.4	3.6
Midwest													
Chicago, IL	2.3	2.5	2.3	1.9	1.2	1.0	1.4	1.4	1.7	1.6	0.4	1.4	0.7
Cleveland-Lorain-Elyria, OH	2.0	1.2	1.3	1.4	1.1	1.5	1.1	1.3	1.3	1.3	1.1	1.0	0.2
Detroit, MI[1]	3.1	1.6	2.0	1.2	1.4	2.9	3.0	3.5	2.1	2.0	1.4	0.3	-0.6
Kansas City, MO	3.1	2.9	3.6	3.0	2.6	2.4	2.1	2.1	1.9	2.3	2.6	3.6	3.0
Minneapolis-St. Paul, MN	3.4	2.2	2.3	2.4	2.3	2.8	2.8	3.2	2.6	2.5	2.1	1.8	1.2
St. Louis, MO	1.3	1.6	1.2	0.6	1.3	1.7	1.7	1.6	1.3	0.9	1.0	1.6	1.2
West													
Denver, CO	4.0	4.0	4.0	4.2	4.3	4.0	4.0	4.0	4.0	4.3	4.2	4.2	3.7
Los Angeles-Long Beach, CA	2.4	2.1	1.9	1.0	1.0	1.1	1.4	1.6	1.7	1.9	1.9	1.9	1.3
Oakland, CA	3.4	3.5	3.5	3.3	3.5	3.4	3.4	3.7	4.1	4.4	4.5	4.8	3.2
Orange County, CA	5.3	5.6	5.1	4.1	3.8	3.2	3.1	3.1	3.0	3.5	3.8	3.8	3.3
Phoenix-Mesa, AZ	5.5	5.9	4.7	4.9	5.0	4.6	4.3	3.8	3.8	3.9	3.6	3.1	1.2
Riverside-San Bernardino, CA	4.5	5.9	7.2	6.3	6.5	7.3	7.1	6.9	6.6	5.5	4.5	4.8	3.7
San Diego, CA	5.6	5.3	5.9	5.2	4.9	4.4	4.3	4.3	3.3	3.9	3.7	3.8	3.1
San Francisco, CA	3.2	3.8	3.4	3.5	2.7	2.4	2.5	3.3	4.1	4.8	5.0	4.6	3.2
San Jose, CA	4.2	2.8	1.2	0.6	0.5	1.8	2.8	4.4	5.9	6.3	6.3	4.5	1.4
Seattle-Bellevue-Everett, WA	5.2	4.8	4.0	3.4	2.2	2.1	2.1	2.3	2.9	3.1	2.4	2.6	2.1

[1] Nonfarm payroll employment data for Michigan from July 1998 forward have been corrected to account for an understatement of the employment level that occurred with the latest benchmark revision. Seasonal adjustment factors have been recalculated based on the revised data and have been applied to employment levels from 1995